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Approved By:
Thom Wright
Prepared By:
A. Govindan, Santosh Singh, Amit Aradhey

Report Highlights:
37.2 percent of India is in poverty, *India, Australia wrap up free trade pact feasibility study*, *Government begins talks to shape WTO strategy*, *Government plans strategic sugar reserve*, *John Deere to launch cane harvester, cotton pickers*, *Carrefour plans to open stores in seven cities*, *No plans to curb cotton exports*, *India's energy drink market is growing above 50 percent*, *Palm oil demand up on weak soybean crushing*, *Government to get tough on adulteration*, *Government to impose trans-fat limits on vanaspati soon*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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37.2 PERCENT OF INDIA IS IN POVERTY

The poverty ratio or the number of poor as a percentage of total population in India for 2004-05 is estimated at 37.2 percent, according to a new report submitted by the Suresh Tendulkar Committee to Planning Commission Deputy Chairman Montek Singh Ahluwalia. The Committee has defined the poor based on a normative living standard – it has moved away from calorie intake as the criterion and considered per capita consumption expenditure on commodities and services. The number of poor in India in 2004-05 based on estimate by the Planning Commission released in March 2007 was 301.7 million or 27.5 percent of the population. The Tendulkar Committee has set the threshold per capita consumption expenditure for defining the poor in rural areas at Rs. 446 ($9.6) per month and for the poor in urban India at Rs. 580 ($12.5) per month, after making adjustment for price differences. (Source: Indian Express, 12/09/09)

INDIA, AUSTRALIA WRAP UP FREE TRADE PACT FEASIBILITY STUDY

India and Australia have wrapped up the feasibility study on the proposed Free Trade Agreement (FTA) between the two countries. This sets the stage for commencement of negotiations for the bilateral trade pact. In FY 2008-09, India was Australia's fastest growing trade partner, with two-way trade up 55 percent at $21.7 billion. This is expected to see a jump once the FTA is in place, with increased market access for products and services from both countries. "Australia and India are natural economic partners and have a strong and growing trade and investment relationship….The Australian government is committed to taking Australia's relationship with India to a higher level," said Mr. Simon Crean, Australia's Trade Minister. (Source: Business Line, 12/08/09)

GOVERNMENT BEGINS TALKS TO SHAPE WTO STRATEGY

India has started a fresh round of consultations with stakeholders, including industry and farmers, on the stand it will take on crucial issues related to a global trade deal being negotiated at the World Trade Organization. Speaking at the national stakeholder consultation on WTO negotiations organized by the Federation of Indian Chambers of Commerce and Industry (FICCI), UNCTAD, and the Center for WTO studies, Commerce Secretary Rahul Khullar said it was important for the government to keep stakeholders in the loop while negotiating such an important deal. He said the next three months would be crucial as it would determine whether WTO members could hope for the Doha trade deal to be concluded by 2010. "Essentially we just went round and round …..We all pretend we are making great progress. But nothing was really going on," he said. (Source: Economic Times, 12/09/09)

GOVERNMENT PLANS STRATEGIC SUGAR RESERVE

The Central Government aims to create a strategic sugar reserve in the event of occasional sugar shortages. The Ministry of Food plans to carve out the reserve stocks inspite of the expected production shortfall in 2009/10 through imports and last year's carryover stocks of 2.4 million tons. Much of India's sugar buffer stocks of 5.0 million tons from the 2007/08 season have already been liquidated. The price of sugar has risen sharply since January 2009 because of poor cane crop. Sugar is a sensitive commodity and the price swings have the potential to trigger political crisis. (Source: Hindustan Times, 12/05/09)

JOHN DEERE TO LAUNCH CANE HARVESTER, COTTON PICKERS

Farm equipment manufacturer John Deere is planning to launch a mechanical sugarcane harvester and cotton pickers in India due to the increasing costs as well as shortage of agricultural labors. They plan to import tractor mounted models and launch them after testing. The tractor mounted cane harvester cuts the cane at the bottom and detops it, which is more suited for the Indian conditions as the leaves are used for animal fodder. (Source: Business Line, 12/04/09)

CARREFOUR PLANS TO OPEN STORES IN SEVEN CITIES

The French retail chain Carrefour plans to open cash & carry stores in 7 major cities across the country. The first Cash & Carry outlet is expected to come out in 2010 in the Delhi National Capital Region. While the company refused to divulge its investment plans, they have been organizing camps for farmers in Punjab, Haryana and Uttar Pradesh. The initiative is to develop rapport with the farmers and help source quality fruits and vegetables for their stores in future. (Source: Hindustan Times, 12/11/09)

NO PLANS TO CURB COTTON EXPORTS

The Union Textile Minister said that the government is not considering imposing a ban on cotton exports or putting a cap on quantity to be exported. He stated that the textile industry is unnecessarily panicking as there is sufficient cotton production in the country. Industry associations like the Confederation of Indian Textile and Industry, and Apparel Export Promotion Council have been demanding a ban or quantitative caps on cotton exports to augment domestic availability and curb cotton prices. (Source: Business Line, 12/10/09)

INDIA'S ENERGY DRINK MARKET IS GROWING ABOVE 50 PERCENT

Coca-Cola in India has a diverse portfolio designed to satisfy each genre of consumers - be it for happiness, energy, enjoyment or simply having fun. In an excerpt from an interview with Financial Express, the vice-president (marketing), India & South West Asia stated for fine-tuning Coke's communication package to promote its new energy drink 'Burn' in India. He further stated that the energy drink market in India is growing rapidly above 50 percent. Coke's estimates also indicated that the metros are populated by young, trend setting adults which are also the largest energy drink consuming markets in India. Coke is following the similar globally-proven strategies in India and is confident about its success. 'Burn' would be positioned for evenings after hours especially nights and we will reach out to the clubbing crowd through extraordinary high-decibel activation. (Source: Financial Express, 12/07/09)

PALM OIL DEMAND UP ON WEAK SOYBEAN CRUSHING

Lower soybean processing due to lower profit realization from soy product sales has helped increase the market share of palm oil among edible oils this winter, industry experts and analysts said. India's November soymeal export fell 54 per cent on year to 297,340 tons as lower crushing led to rise in prices of soymeal. Palm oil (Rs 380 per 10 kg) is being sold at a discount of around Rs 100 to soy oil due to sufficient stock in the country. Soy oil demand also fell this marriage season ended much earlier than other seasons. At least 25 per cent of Madhya Pradesh's cooking oil requirement was met by palm oil this year. (Source: Business Standard, 06/12/09)

GOVERNMENT TO GET TOUGH ON ADULTERATION

Stricter quality and safety norms are likely to be rolled out by the Centre from February next year to prevent adulteration and contamination in ''high-risk'' items like packaged milk, mineral water (include for first time), edible oils and meat sold across the country. The norms will focus on quality, safety and hygiene of the products. At present most of these items like milk, meat and edible oils are regulated by states under the food product orders (FPOs). "Now these high-risk products will be regulated, monitored, inspected and their quality checked and audited under uniform standards laid down by the Centre. These regulations are being formulated under the Food Safety and Standards Act, 2006 and are expected to be implemented in phases starting from February next year. (Source: Times of India, 05/12/09)

GOVERNMENT TO IMPOSE TRANS-FAT LIMITS ON VANASPATI SOON

The Food Safety and Standards Authority (FSSAI), an autonomous statutory body administered by the Ministry of Health and Family Welfare is in the process of drafting a regulation that seeks to limit the Trans Fatty Acids (TFA) content in vanaspati to 10 percent by early next year (January 2010) and to 5 percent over the subsequent three years. The authority is in the process of drafting a notification fixing the above limits in line with the recommendation of National Institute of Nutrition, Hyderabad and would be put across on FSSAI website to invite public comments within 45 days, after which the final version would be notified. (Source: Business Line, 11/30/09)

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